

**[Key Q&A] Conference Call on Financial Results for the Third Quarter of
Fiscal Year Ending December 31, 2015**

[Japan Segment]

Q. Profit increase in Q4 will be 2.8 billion yen, if Q3 cumulative profit is subtracted from the revised annual forecast. Please explain the background by changing factors.

A. We expect profit increase of 0.9 billion yen from product mix in Q4. FOSHU drink products and *BOSS* coffee are selling well. We do not intend to consciously increase sales volume of large-size PET bottle products. Regarding profit increase from reduction in manufacturing costs, we are expecting incremental 1.9 billion yen. We are bringing forward the initiatives of using light-weight PET bottle caps and roll labels, and are expecting more positive impacts than we initially planned from hedging raw materials, such as coffee beans. In addition, in-house production of products including bottle-shaped canned coffee will also contribute positively. We will work to manage sales promotion and advertising costs continuously.

[Overseas Segment]

Q. Please explain the reason for the good performance in Europe.

A. Main factors are good weather in summer and good sales in on-premise channel in Spain centered on Schweppes. In Q4, although we expect tough business environment, we are forecasting profit increase of more than 0.5 billion yen on currency neutral basis.

[Impact from consolidation of Japan Beverage Group and JT A-Star Group]

Q. What kind of synergy effects are you seeing after completing the acquisition at the end of July?

A. We are having a detailed and lively exchange of views with JB/JTA Group about the efficiency of route sales, vending machines and components, and the integration is going smoother than we expected before the acquisition.

[Impairment losses of soft drinks business in Indonesia]

Q. Please explain the impact of impairment losses on P/L.

A. We recorded 5.8 billion yen under non-operating expenses and 9.7 billion yen under extraordinary loss.

Q. What is the positive impact on profit for next year onwards from these impairment losses?

A. Since there will be no goodwill and other intangible fixed assets from next year, amount of amortization will decrease by several hundred million yen.

Q. What are the future initiatives planned for the business in Indonesia?

A. We aim to achieve an early improvement in earnings through fundamental reforms in product portfolio and sales structure.